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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92058315
Party	Defendant M22, LLC
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

State of Michigan

Petitioner,

Proceeding No: 92058315

v.

M22, LLC,

Registrant.

RESPONSE TO PETITIONER'S MOTION FOR JUDGMENT ON THE PLEADINGS

I. INTRODUCTION

Registrant hereby responds to Petitioner's Motion for Judgment on the Pleadings and asserts that genuine issues of material fact remain for trial so as to preclude Petitioner's Motion.

II. FACTS

Registrant is M22, LLC ("M22"), a limited liability company organized under the laws of the State of Michigan, which was registered with the State of Michigan on May 19, 2003. M22, LLC is the owner of several registered trademarks¹. At issue in this matter are the following two marks:



Mark: M 22 M22ONLINE.COM

¹ M22 for use in association with wine (Reg. No. 3427900), M22 for use in association with retail store services (Reg Nos. 3992151 and 3992159), M 22 M22ONLINE.COM for use in association with apparel (Reg. No. 3348635), and THE M-22 CHALLENGE for use in association with athletic competitions (Reg No. 3996410).

International Class 025: Apparel specifically hats, t-shirts, long sleeve shirts, sweat shirts, pants, shorts, underwear, tank tops.

First Use In Commerce: January 1, 2004 (“M22 Apparel Mark”)



Mark: M22

International Class 035: Retail store services featuring clothing, sporting goods, and novelty items.

First Use In Commerce: November 21, 2007 (“M22 Retail Mark”)

(collectively, “M22 Marks”).

M-22 is a Michigan state trunkline highway that originates in the resort community of Traverse City, Michigan and travels the Lake Michigan coastline, including west Grand Traverse Bay and the Sleeping Bear Dunes National Lakeshore, until its termination 3 miles north of Manistee, Michigan. This area of Michigan has long served as a coastal retreat for Chicago and Detroit residents and was recently named “Most Beautiful Place in America” by ABC News. See “Sleeping Bear Dunes Voted ‘Most Beautiful Place in America,’” ABC News (2011), available at http://abcnews.go.com/Travel/best_places_USA/sleeping-bear-dunes-michigan-voted-good-morning-americas/story?id=14319616. Additionally, this area is home to a variety of cultural and recreational activities, including sailing, surfing, fly-fishing, kayaking, skiing, kiteboarding, numerous wineries and microbreweries, Michael Moore’s Traverse City Film Festival, and the National Cherry Festival.

Registrant’s M22 Marks are creatively dissimilar from the M-22 road sign.



Specifically, Registrant's M22 Marks consist of a modified M-22 road sign, which has been modified by Registrant to increase its aesthetic appeal and suitability for a brand. Registrant rounded the corners of the white diamond located in the middle of the sign, increased the thickness of both the "M" and "22" located in the white diamond, and added a white border around the outside of the mark for emphasis. Thus, Registrant's M22 Marks are not, in fact, a direct representation of the M-22 sign, but, rather, a derivative work of that sign.

Since as early as 2003, Registrant M22, through its predecessor in interest Broneah, Inc., has sold a variety of goods, including apparel and wine, bearing the M22 Marks. Registrant has become widely known across the United States for its M22 brand, which has achieved wide popularity and notoriety within the kiteboarding industry and with millions of tourists from across the world who have visited northwestern Michigan and consider the area one of scenic beauty and relaxation. In short, M22 is not just a road, it is a way of life².

² As expressed by Registrant's own website,

From 2003 to 2007, Registrant primarily sold its goods through retailers within the State of Michigan. In November of 2007, however, Registrant opened its first retail store located at 125 E. Front Street in the primary tourist-shopping district of Traverse City, Michigan. Since opening its retail store in 2007, Registrant has expanded the sale of its apparel to over 50 distributors in major Michigan cities, including in college towns such as East Lansing, Michigan, home of Michigan State University. Registrant has become so well known and respected within the State of Michigan that it was recently awarded the coveted “Michigan 50 Companies to Watch” award by Governor Rick Snyder. See “Michigan Celebrates Small Business,” Michigan Small Business and Technology Development Center (2013), available at <http://www.michigancelebrates.biz/past-winners/2013-mcsb-award-winners/>. And, prior to the filing of this Response, Registrant was recognized by the State of Michigan on its “Pure Michigan” website, which is a campaign intended to tout the benefits of doing business in the State of Michigan.

Despite this recognition by the State of Michigan, the Attorney General issued an advisory opinion on May 29, 2012, which stated that no entity could lawfully obtain trademark rights in or to the M-22 sign under trademark law. See Michigan Highway Route Marker Design As Trademark, Mich. Att’y Gen. Op. No. 7265, available at <http://www.ag.state.mi.us/opinion/datafiles/2010s/op10344.htm>. State Representative Frank D. Foster initiated the political process leading to this opinion, which began after Registrant discovered that a company within Mr. Foster’s jurisdiction was producing counterfeit M22

M-22 was created to express a common passion for Northern Michigan. It is marked by the simplicity and appreciation for natural wonders such as bays, beaches, and bonfires, dunes and vineyards, cottages, friends and family everywhere.

See “About Us,” M22.com (2013), available at <http://www.m22.com/about-us>.

products and selling them to tourists at her retail store. Subsequent to this discovery, Registrant sent the retail store a notice of infringement, and the retail store subsequently contacted Representative Foster, which ultimately led to the involvement of the Attorney General of Michigan. On December 3, 2013, Petitioner filed its original Petition to Cancel with the Trademark Trial and Appeal Board. On December 23, 2013, Registrant filed a Motion to Dismiss. In response, and on January 13, 2014, Petitioner responded to Registrant's Motion and filed a First Amended Consolidated Petition to Cancel. On January 22, 2014, Registrant filed its reply, which was deemed as a motion to dismiss by this Board. Petitioner failed to timely respond. On May 31, 2014, this Board granted in part and denied in part Registrant's Motion to Dismiss, which largely dismissed Petitioner's claims. This Board took the step to warn Petitioner that "all grounds for relief and allegation in support thereof must have a basis in law or fact..." Dkt. 13 at p. 16-17. On June 30, 2014, Petitioner filed its Second Amended Consolidated Petition to Cancel. Registrant then filed its Second Motion to Dismiss on July 25, 2014. On December 1, 2014, the Interlocutory Attorney issued an order on Registrant's Second Motion to Dismiss. In doing so, the Interlocutory Attorney cautioned, in footnote 7, that this cancellation matter was instituted over a year ago and, "At this point in the proceeding, the Board expects that the parties will engage in sincere and focused efforts to settle, and/or will proceed with respect to the well-pleaded grounds."

On December 23, 2014, Registrant filed its answer. Subsequently, on February 6, 2015, Petitioner filed its Motion for Judgment on the Pleadings. Now, Registrant responds to Petitioner's Motion for Judgment on the Pleadings.

III. STANDARD OF REVIEW

"A motion for judgment on the pleadings is a test solely of the undisputed facts appearing in all of the pleadings, supplemented by any facts of which the Board may take

judicial notice.” *Media Online, Inc.*, 88 U.S.P.Q. 2d 1285 (P.T.O. Sept. 29, 2008). For the purposes of this motion, all well pled factual allegations of the non-moving party must be accepted as true, while those allegations of the moving party that have been denied are deemed false. *Id.* Conclusions of law are not taken as admitted. *Id.* All reasonable inferences from the pleadings are drawn in favor of the nonmoving party. *Id.* A judgment on the pleadings may be granted only where, on the facts as deemed admitted, there is no genuine issue of material fact to be resolved, and the moving party is entitled to judgment on the substantive merits of the controversy as a matter of law. *Id.*

IV. ARGUMENT

Petitioner contends that Registrant has failed to make a lawful use in commerce of the M22 Marks. If the use of a mark upon which an application for registration is based is not a lawful use in commerce, including a violation of a federal statute, registration must be refused under Sections 1 and 45 of the Lanham Act. See *In re Kayser-Roth Corp.*, 29 USPQ2d 1379, 1381 (TTAB 1993). Refusal of a registration based on an unlawful use of a mark is proper “when the issue of compliance [with the pertinent statute] has previously been determined (with a finding of non-compliance) by a court or government agency having competent jurisdiction under the statute involved, or where there has been a per se violation of a statute regarding the sale of the parties’ goods.” *Kellogg Co. v. New Generation Foods, Inc.*, 6 USPQ2d 2045, 2047 (TTAB 1988). The prior determination or per se violation requirement arises out of the fact that the Trademark Trial and Appeal Board is a body of an administrative agency of limited jurisdiction, which lacks the familiarity with most acts necessary to deem a use an “unlawful use” as a matter of law. See *Satinine Societa in Nome Collecttivo Di S.A. E.M. Usellini*, 209 U.S.P.Q. (BNA) 958 ¶ 958 (TTAB Feb. 23, 1981) (“Inasmuch as we have little or no familiarity with most of these acts, there is a serious question as to the advisability of our attempting to adjudicate whether a party’s

use in commerce is in compliance with the particular regulatory act or acts which may be applicable thereto.”). A party alleging unlawful use must establish that the non-compliance “was material, that is, was of such gravity and significance that the usage must be considered unlawful – so tainted that, as a matter of law, it could create no trademark rights – warranting cancellation of the registration of the mark involved.” *Churchill Cellars, Inc.*, 91193930, 2012 WL 5493578 (TTAB Oct. 19, 2012).

Petitioner asserts that Registrant has failed to make a lawful use in commerce of the M22 marks because, in adopting and using the M22 Marks in commerce, Registrant has violated the federal Highway Safety Act of 1966 regulations. Petitioner asserts that Registrant’s use of the M22 Marks violates the Manual on Uniform Traffic Control Devices, a manual of national standards for traffic control devices promulgated by the Federal Highway Administration. Petitioner fails to allege that a previous court or administrative body has held that Registrant’s use of the M22 Marks is unlawful. Consequently, Petitioner’s claim can only be read as one alleging that Registrant has per se violated the Highway Safety Act of 1966.

Petitioner broadly and inaccurately construes an administrative promulgation as its sole support for its unlawful use claim. Petitioner bases its claim of unlawful use on a violation of 23 U.S.C. § 109(d), 23 U.S.C. § 402(a), 23 CFR 655.603(a), and 23 CFR Part 655, Subpart F. The implementing language of the Highway Safety Act of 1966 states, “[e]ach state shall have a highway safety program, approved by the Secretary [of Transportation], that is designed to reduce traffic accidents and the resulting deaths, injuries, and property damage.” 23 U.S.C. § 402(a)(1). Highway safety programs that are required under the Highway Safety Act must “comply with uniform guidelines, promulgated by the Secretary and expressed in terms of performance criteria....” 23 U.S.C. § 402(a)(2). These criteria include the reduction of injuries and deaths due to excess motor vehicle

speed, the proper use of seat belts, the reduction of injuries and deaths due to impairment by alcohol or drugs, and the improvement of driver performance through driving tests and education. See 23 U.S.C. § 402(a)(2)(A)-(E). In its declaration of policy, the Highway Safety Act of 1966 makes clear that its provisions are intended to “accelerate the construction of Federal-aid highway systems.” 23 U.S.C. § 101(b)(1). To obtain federal participation in highway funding, “the location, form and character of informational... signs... shall be subject to the approval of the State transportation department with the concurrence of the Secretary, who is directed to concur only in such installations as will promote the safe and efficient utilization of the highways.” 23 U.S.C. 109(d). The Manual on Uniform Traffic Control Devices (“Manual”) is intended to implement these policies, see 23 CFR 655.603, and Petitioner contends that the Manual, which states that all traffic control devices within the Manual are in the “public domain” and that “[t]raffic control devices contained in [the] Manual shall not be protected by a patent, trademark, or copyright, except for the Interstate Shield and any items owned by FHWA,” serves to prohibit Registrant from making a lawful use of the M22 Marks. See Manual on Uniform Traffic Control Devices 2009, pg. I-1.

While the Highway Safety Act of 1966 may condition a state’s receipt of federal highway funds on adoption of the Manual, the Highway Safety Act does not prohibit states from rejecting federal funds and the Manual. See 23 U.S.C. 402(c) (discussing the conditions on federal highway funds); see also 23 U.S.C. § 145 (“The authorization of the appropriation of Federal funds or their availability for expenditure under this chapter shall in no way infringe on the sovereign rights of the States to determine which projects shall be federally financed.”); 23 CFR 655.603(b)(2) (“States and other Federal agencies are encouraged to adopt the National MUTCD in its entirety as their official Manual on Uniform Traffic Control Devices.”). Nor does the Highway Safety Act of 1966 provide the Secretary of Transportation with the congressional authority to promulgate rules concerning, or to

regulate the creation of, intellectual property rights. In fact, the stated purpose of the Highway Safety Act is to “reduce traffic accidents and deaths and injuries to persons resulting from traffic accidents.” National Traffic and Motor Vehicle Safety Act of 1966, Pub. L. No. 89-563 (1966). Simply put, the Highway Safety Act, and its implementing regulations, is a federal law intended to condition the disbursement of federal highway funds on the adoption of a federal safety manual to aid in the reduction of deaths on United States highways, not to regulate the creation of trademark rights.

Petitioner’s allegations concerning unlawful use request that the Board not only recognize the Manual as a regulation applicable to the formation of trademark rights, but also find that the Manual, a document promulgated by an administrative body with a limited authority to create rules related to highway safety, supervenes the Lanham Act, an act of Congress. “It is axiomatic that where there is a conflict between a statute enacted by the legislature and a rule or administrative regulation promulgated by an administrative agency... the statute must prevail.” *Melamine Chemicals, Inc. v. United States*, 732 F.2d 924, 927 (Fed. Cir. 1984). It is a basic principal of American government that “[a]ll legislative Powers... shall be vested in a Congress of the United States....” U.S. Const. Art. I § 1. Thus, where Congress’ intent, clearly stated within a duly enacted statute, comes into conflict with a regulation promulgated by an administrative body of the executive branch, Congress’ intent controls. *See United States v. Maxwell*, 278 F.2d 206, 210-11 (8th Cir. 1960) (“It is established law that legislative power rests in Congress and that the will of Congress as unambiguously expressed in a properly enacted statute cannot be amended or altered by regulation. Regulations are entitled to consideration in construing an ambiguous statute. However, a regulation to the extent it is in direct variance with an unambiguous statutory provision is clearly void.”). Here, even accepting Petitioner’s interpretation of the Manual as true, Petitioner’s claim of unlawful use must fail because the Manual cannot

supervene the Lanham Act, which states that “[n]o trademark... shall be refused registration” except as specified in 15 U.S.C. § 1052.

But Petitioner’s interpretation of the Manual is inaccurate. The Manual’s audience is state and local government, not the general public³. The Manual advises both state and local transportation planners that they cannot obtain intellectual property rights in the traffic control devices contained in the Manual, and the reasons for this mandate are twofold.

First, the Manual is created by a federal department, and the federal government, by statute, cannot obtain copyright protection for its works. See 17 U.S.C. § 105 (“Copyright protection under this title is not available for any work of the United States Government....”). Since the federal government cannot obtain copyright rights to its works, the federal government in turn would rightfully require states adopting those works to refrain from obtaining copyright rights in them as well. Second, the Manual provides numerous graphical examples of traffic control devices to be adopted by states as their own traffic control devices. If a state were to obtain copyright or patent rights in or to these graphical examples, it could preclude all other states from adopting them, which would render the national standards contained in the Manual, the very purpose of the Manual, useless. Thus, the Department of Transportation rightfully instructs the **states** that they cannot obtain

³ Specifically, the Department of Transportation’s website states:

Who Uses the MUTCD? And How?

In the public sector, the most obvious MUTCD users are the State and local transportation planners and traffic engineers who design our roads and locate the traffic control devices that help drivers navigate them safely.

See Department of Transportation, Federal Highway Administration: Who Uses the MUTCD? (2013), available at <http://mutcd.fhwa.dot.gov/kno-users.htm>.

intellectual property rights in any traffic control device design or application provision contained within the Manual.

This interpretation is echoed by the previous versions of the Manual. Specifically, in December 2000, the Manual was updated to its modern form. In this updated form, the Manual began using text headings to explain the effect of certain sections of its text. Those sections labeled “standards” concern statements “of required, mandatory, or specifically prohibitive practice regarding a traffic control device.” See Manual on Uniform Traffic Control Devices 2000, pg. I-3. Those sections labeled “support” concern informational statements that do “not convey any degree of mandate, recommendation, authorization, prohibition, or enforceable condition.” See Manual on Uniform Traffic Control Devices 2000, pg. I-4. In its 2000 form, the Manual stated:

Standard:

Any traffic control device design or application provision contained in this Manual shall be considered to be in the public domain. Traffic control devices contained in this Manual shall not be protected by a patent or copyright, except for the Interstate Shield.⁴

Support:

The need for uniform standards was recognized long ago. In the early years, the necessity for unification of the standards applicable to the different classes of road and street systems was obvious. To meet this need, a joint committee of [organizations] developed and published the original edition of this Manual of Uniform Traffic Control Devices (MUTCD) in 1935.

See Manual on Uniform Traffic Control Devices 2000, pg. I-1. Thus, since its 2000 revision, the Manual’s “support” of the “standard” prohibiting states from obtaining intellectual

⁴ The term “trademark” was added to this section in subsequent versions of the Manual.

property rights in traffic control devices makes clear that the purpose underlying this mandate is to prohibit states from upsetting the national standards by exercising exclusive rights over the designs contained within the Manual.

Based on the above, it is clear that genuine issues of material fact remain to be resolved. Specifically, whether the Manual of Uniform Traffic Control Devices applies to prohibit private citizens from obtaining trademark rights in sign components is a factual issue that must be resolved through further development of the record. Such further development will include the introduction of documentary evidence showing that the history of the Manual establishes that the alleged prohibition was intended to provide for uniform standards for traffic control devices, not to prohibit private individuals from using sign components in registered trademarks. Further development of the record is also necessary to determine whether the Manual is capable of supporting a “lawful” or “unlawful” determination as it relates to private parties or whether it is a condition precedent for a state to receive federal highway funding.

Additionally, further development of the record is necessary to determine whether Registrant’s defenses of laches, acquiescence, estoppel, consent, and waiver successfully prohibit Petitioner’s prosecution of a claim that Registrant has not made a lawful use of the M22 Marks in commerce. Specifically, as cited in Registrant’s applications for registration, Registrant has used the M22 Marks in commerce since as early 2004. Further development of the record is necessary to determine whether Registrant’s use of the M22 Marks in commerce for a period of over ten (10) years has acted to preclude Petitioner’s assertion of unlawful use, whether through consent, prejudicial delay, or otherwise.

Finally, even if Interlocutory Attorney finds that no genuine issues of material fact remain, Interlocutory Attorney should find, as a matter of law, that Petitioner has failed to establish a claim for unlawful use. It is clear that an administrative regulation, which

originates from enabling language with the expressed purpose to “reduce traffic accidents and deaths and injuries to persons resulting from traffic accidents,” cannot possibly preempt the clear Congressional intent found at 15 U.S.C. § 1052 that provides the standard for what marks can achieve federal trademark registration. National Traffic and Motor Vehicle Safety Act of 1966, Pub. L. No. 89-563 (1966). Further, the Manual’s purported prohibition on trademark registration is so far removed from its enabling language so as to make clear that no per se violation can be found. *Kellogg Co.*, 6 U.S.P.Q. 2d 2045 (P.T.O. Mar. 3, 1988) (“In any event, while we readily concede some unfamiliarity with the applicability of the Food, Drug, and Cosmetic Act and related regulations regarding shipments of the type involved herein, we conclude that New Generation has fallen far short of demonstrating, by clear and convincing evidence, that Kellogg’s shipments were per se violations of said statute and regulations.”).

If a per se violation were found, the Manual’s alleged prohibition on obtaining intellectual property rights would serve to invalidate a wide array of trademarks containing, in whole or in part, sign components contained within the Manual. By way of example, acceptance of Petitioner’s argument would invalidate a large majority of the marks currently listed under design search code 18.15.03:

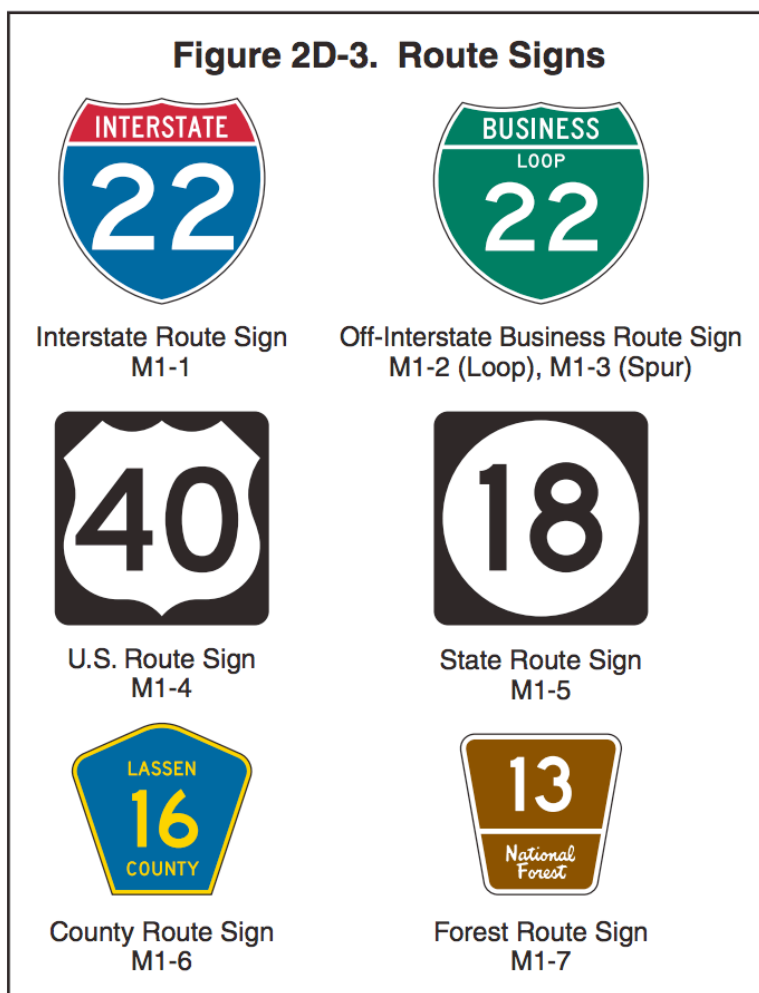
18.15.03 Other road signs

Excluding: Billboards (07.13.01)

Note: For similar designs, see 18.15.25.



Excerpt from Design Search Codes



Excerpt from Manual

Such a result not only has no basis in law, but the policy implications are so wide ranging and damaging that it would result in an absurdity. Consequently, Petitioner's Motion for Judgment on the Pleadings must be denied.

V. CONCLUSION

For the foregoing reasons, Petitioner's Motion for Judgment on the Pleadings must be denied.

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CERTIFICATE OF SERVICE

I, Jessica Schimpf, hereby certify that a true and correct copy of the foregoing Response to Petitioner's Motion for Judgment on the Pleadings has been served on James Scott, counsel for Petitioner, via emailing said copy to jscott@wnj.com, as the parties have agreed, on February 23, 2015.

/s/ Jessica Schimpf
Jessica Schimpf
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